

## Message Text

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E.O. 11652: N/A

TAGS: BEXP, VE EIND ETRN

SUBJECT: MAJOR GOVERNMENT PROJECT-SHIPBUILDING

1. IN INTERVIEW MARCH 18 WITH ADMIRAL JOSE CONSTANTINO SEIJAS VILLALOBOS, EMBASSY OFFICERS LEARNED FOLLOWING PLANS OF GOV WITH REGARD TO SHIPBUILDING.

2. A GOV COPORATION HAS BEEN FORMED TO ENGAGE IN SHIPBUILDING ALTHOUGH ITS FORMATION HAS NOT BEEN PUBLISHED IN THE GAZETA OFICIAL AS YET. ADMIRAL SEIJAS IS PRESIDENT OF THE NEW CORPORATION AND R. GONZALO PENALOSA IS THE VICE PRESIDENT. TENTATIVE NAME OF THE ENTITY IS CORPORACION INDUSTRIA NAVAL.

3. ADMIRAL SEIJAS EXPLAINED THAT THE EXISTING SHIPYARD AT PUERTO CABELLO WILL REMAIN A 100PCT GOV ENTITY AND WILL CONCERN ITSELF WITH CONSTRUCTION OF NAVAL VESSELS AND OVERHAUL AND REPAIR OF OTHER VESSELS AS CONVENIENT. THREE NEW SHIPYARDS WILL BE CONSTRUCTED. THE EXACT LOCATIONS OF THESE ARE AT PRESENT UNDER STUDY WITH ONE VERY LIKELY LOCATON BEING PUERTO ORDAZ-CIUDAD GUAYANA BECAUSE OF PROXIMITY TO SIDOR'S STEEL PLANT, LOWCOST ELECTRIC POWER, AND THE GOV'S DESIRE TO DECENTRALIZE INDUSTRY.

4. PARTICIPATION BY FOREIGN FIRMS IN THE SHIPYARD PROGRAM WILL BE THE SUBJECT OF A SPECIAL ANNOUNCEMENT TO BE PUBLISHED IN A FEW WEEKS. ADMIRAL SEIJAS SAID THERE WOULD BE AT LEAST 51PCT GOV OWNERSHIP OF ALL

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NEW FACILITIES WITH FOREIGN PARTICIPATION IN EQUITY LIMITED

TO 20PERCENT MAXIMUM AND VENEZUELAN PRIVATE SECTOR FINANCING OF THE REMAINDER. IF THERE IS INSUFFICIENT PRIVATE SECTOR INVESTMENT, THE GOV WILL TAKE UP THE REMAINING INVESTMENT.

5. INTERESTED AMERICAN FIRMS WHO WISH TO PARTICIPATE IN ANY WAY SHOULD REGISTER AS SOON AS POSSIBLE WITH ADMIRAL SEIJAS SIMPLY BY EXPRESSING IN WRITING THEIR DESIRE TO BE REGISTERED AS AN INTERESTED PARTY AND THIS WILL GUARANTEE THAT THEY RECEIVE ALL ANNOUNCEMENTS PUBLISHED BY THE NEW CORPORATION. ADMIRAL SEIJAS IS ALSO INTERESTED IN SEEING COMPANY BROCHURES, BOOKLETS, RESUMES OF PAST PROJECTS OR ANY OTHER INFORMATION COMPANIES WISH TO SUBMIT TO HIM. ANY FOREIGN FIRM WHICH WISHES TO PARTICIPATE WILL NEED A VENEZUELAN LEGAL IDENTITY WHICH CAN BE ACHIEVED BY FORMING A CONSORTIUM OR JOINT VENTURE WITH A VENEZUELAN FIRM OR BY ESTABLISHING A VENEZUELAN SUBSIDIARY.

6. WHILE THE CONSTRUCTION OF HULLS WILL BE EXCLUSIVELY RESERVED TO THE GOV DOMINATED CORPORATIONS, THERE WILL BE THE POSSIBILITY FOR PRIVATE SECTOR DOMINATION OF ANCILLARY MANUFACTURING SUCH AS PUMPS, WINCHES, AND ALL TYPES OF MARINE HARDWARE AND FITTINGS, BUT AGAIN FOREIGN EQUITY PARTICIPATION IN SUCH PRIVATE SECTOR ENTITIES WILL BE LIMITED TO 20PCT MAXIMUM.

7. ADMIRAL SEIJAS HAS ALREADY BEEN VISITED BY FIRMS FROM ARGENTINA, JAPAN, BRITAIN AND ITALY AND HE EXPRESSED EAGERNESS TO RECEIVE AMERICAN FIRMS.

8. ADMIRAL SEIJAS IS A GRADUATE OF THE UNITED STATES NAVAL ACADEMY , CLASS OF 1947; THUS, HIS ENGLISH IS FLUENT AND AMERICAN FIRMS WILL FIND HIM EASY TO APPROACH AND ENTHUSIASTIC TOWARDS AMERICAN PARTICIPATION. HIS OFFICES ARE LOCATED AT TORRE CAPRILES, PISO 17, PLAZA VENEZUELA, CARACAS. HIS TELEPHONE NUMBER IS CARACAS 781-1811. IT IS SUGGESTED THAT AMERICAN FIRMS WISHING TO BE INCLUDED IN THE REGISTRY OF COMPANIES MAINTAINED BY THE ADMIRAL'S OFFICE ADDRESS HIM DIRECTLY. FAILURE TO DO SO WILL NOT REPEAT NOT EXCLUDE THEM FROM PARTICIPATON, BUT REGISTRATION WILL ASSURE THEIR BEING FULLY UNCLASSIFIED

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INFORMED REGARDING THE GROUND RULES FOR PARTICIPATION IN THIS MAJOR PROJECT.  
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## Message Attributes

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